FINANCE SECRETARIAT

"Own Your Home Scheme" of Life Insurance Corporation of India.

CIRCULAR

No. FD 9 PLA 64, DATED BANGALORE, THE 28TH JANUARY 1964
(MAGHA 8, SAKA ERA 1885).

In forwarding herewith a copy of detailed literature on the above subject, the Heads of Departments are requested to give wide publicity for the above scheme, by circulation in their offices and by putting up the literature on the Notice Boards of their offices, so that Government Servants, who are interested may avail themselves of the scheme. Applications from individuals in their offices may be collected and forwarded to the Assistant Branch Manager (Dev.) Direct Agents' Unit, Jeevan Prakash, Sri Narasimha Raja Road, Post Box No. 694, Bangalore, who has promised to render all the necessary assistance to the applicants.

C. R. SESHADRI,
Under Secy. to Govt., F. D.

ANNEXURE

LIFE INSURANCE CORPORATION OF INDIA
BANGALORE DIVISIONAL OFFICE

Phone No. 73151/57

"JEEVAN PRAKASH",
P.B. No. 694, BANGALORE-2.

Asst. Branch Manager (Development)
Direct Agents' Unit.

"OWN YOUR HOME SCHEME".

Under the Scheme the Life Insurance Corporation will consider advance of loans to its policy-holders for construction of houses, for extension to existing houses and for purchase of recently constructed houses in good condition. The salient features of the Scheme are as under:—

1. **Area of operation.**—The Scheme will be operated in the Municipal limits and approved suburban areas of Bangalore.

2. **Borrower.**—Borrowers should satisfy the Life Insurance Corporation that they have a stable income. They will be divided into the following two categories:—

(i) Policy-holders who are employees and who satisfy the L. I. C. about the stability of their employment. Permanent or confirmed employees of the following employers will generally be deemed to satisfy this condition:—

(a) Central or State Government;

(b) Municipality, Municipal Corporation, Local Boards, any Authority or Corporation or Board constituted by any Act of Parliament or State Legislature, or any Government Company;

(c) Any Company whose shares—preference and/or ordinary—are Approved Investments as defined in Section 27A of the Insurance Act, 1938;

(d) Any other employer approved by the L.I.C.

(ii) Other policy-holders.

3. Amount of Loan.—

(i) The maximum amount of loan available to any one person under the Scheme will be Rs. 1,00,000. The minimum amount of loan available in respect of houses constructed under a housing scheme approved by the L.I.C. or for the purpose of extension to an existing house will be Rs. 7,500 and in all other cases the minimum will be Rs. 10,000. The actual amount of loan will vary with the value of the property and shall be calculated as under:—

(ii) **Borrowers qualifying under clause 2 (i) above** :—

Slabs of Property Value		*Maximum percentage of loan allowed on the slab of property value*
First slab of Rs. 10,000	...	85
Next „ „ Rs. 10,000	...	80
Next „ „ Rs. 30,000	...	75
Next „ „ Rs. 50,000 or more	...	70

(iii) **Borrowers qualifying under clause 2 (ii) above** :—The maximum loan will be two-thirds of the value of the property.

(iv) The amount of loan advanced should bear a reasonable relation to the annual income of the borrower so that he can after meeting his living and other reasonable expenses easily pay the monthly charges for the services of the loan, such as insurance premiums, repayment instalments, if any, loan interest, etc.

4. Security and Title.—The loan will be granted on the First Mortgage of the property. The borrower must have a clear and marketable title to the property. If the property is lease-hold, outstanding term of the lease should be not less than 30 years.

5. Rate of Interest.—Rate of interest will be 7½ per cent per annum payable monthly with a rebate of 1 per cent per annum for punctual payments of interest, life insurance premiums and repayment instalments, if any.

6. Mode of Advance.—

(i) **Loans for construction of or extension to house** :—The loan will be advanced in not more than 4 instalments, no instalment being less than Rs. 2,000. The borrower should first invest in the land and in the construction of the building his full share of the estimated value of the property (*i.e.*, the difference between the total estimated value of the property when completed and the amount agreed to be advanced by the L.I.C. as loan) and thereafter the L.I.C. will advance the loan in instalments as stated above as the construction progresses.

(ii) **Loans for purchase of a house** :—The disbursement of the entire purchase consideration will be made direct by the L.I.C. and for this purpose the borrower should deposit in advance with the L.I.C. his share of the purchase price.

7. Construction of Building.—The building shall be constructed according to plans and specifications within the estimated cost and through an agency all previously approved by the L.I.C., as expeditiously as possible and made ready for occupation within a period of 18 months from the date of sanction of the loan.

8. Repayment.—

(i) The loan should be repaid within a term of years referred to as the repayment term not extending beyond any of the following :—

(a) date of superannuation of the borrower;

(b) date of attainment of age 65 years by the borrower;

(c) date exactly 5 years prior to the date of expiry of the lease if the property is leasehold; and in the case of a borrower under clause 2 (ii) should not exceed 20 years.

(ii) Repayment may be made out of the proceeds of Endowment Assurance Policy/ies on the life of the borrower. The policy/ies should in the aggregate be for an amount calculated at the rate of Rs. 10,000 for each Rs. 9,000 of the loan and have maturity dates not later than the date of expiry of the repayment term selected. The borrower may, for this purpose, offer policy or policies which he already holds and/or take out fresh policies. If the policy or policies he holds do not satisfy the requirements, he may take fresh insurance and/or get, wherever possible, suitable alterations made in the policy or policies he holds to comply with the requirements.

(iii) As an alternative to repayment out of the proceeds of Endowment Assurance Policy/ies, the loan may be repaid in full with interest due thereon by equated monthly instalments spread over the repayment term selected. In that case the borrower must own either policy or policies under Whole Life Assurance Plan in the aggregate for an amount calculated at the rate of Rs. 10,000 for each Rs. 9,000 of the loan or a policy under the L.I.C. Mortgage Redemption Assurance Plan covering the loan outstanding from year to year during the repayment term.

(iv) Policies under other plans held by the borrower assuring similar benefits may be accepted subject to such terms and conditions as may be laid down by the L.I.C.

(v) All life insurance policies should be assigned to and deposited with the L.I.C. and maintained in full force by regular payment of premiums. The premiums will have to be paid on a monthly basis.

(vi) Where the repayment of the loan is arranged by means of Endowment Assurance Policy/ies, interest on the full amount of the loan is payable every month during the repayment term. Where repayment is arranged by equated monthly instalments, these instalments include the monthly interest due on the balance of the loan outstanding and a certain amount towards repayment of the principal. The equated monthly instalment is calculated so as to wipe off the entire loan at the end of the repayment term.

(vii) The borrower will have the option to repay earlier the whole amount of the loan or a part of the loan in multiples of Rs. 500. Where a part of the loan is repaid, interest will be charged and will be payable only on the balance of the loan outstanding, and under the loan repaid by equated monthly instalments the monthly instalment will not be reduced in consequence of which the loan will be repaid earlier.

(viii) In the event of the death of the borrower during the repayment term or on the maturity of the Endowment Assurance Policy/ies, the proceeds of the policy or policies will be applied towards the repayment of the amount due under the loan and the balance, if any, will be paid to the borrower or to the executors, administrators or assigns as the case may be.

(ix) When the loan is repayable with interest by equated monthly instalments, the repayment term will, in the case of loan advanced for construction or extension of a house, commence on the 1st day of the calendar month immediately following either the expiry of 18 months from the date of sanction of the loan or the date of completion of the building whichever is earlier, and in the case of loan advanced for purchase of a house, commence on the 1st day of the calendar month immediately following the registration of the sale deed. The first equated monthly instalment will fall due one month after the commencement of the repayment term.

(x) Seven days of grace are allowed for payment of interest and the equated monthly instalments.

9. Insurance, taxes, etc., on property :—The borrower will be required to insure and keep insured the property so long as the loan is outstanding against fire and such other risk as may be specified for an amount not less than the value of the building over the plinth level with the Oriental Fire and General Insurance Company, Ltd., in the Joint names of the L.I.C. and the borrower.

10. Expenses :—The borrower will have to bear all the incidental expenses such as Surveyor's fees, Stamp Duty, Registration charges, Charges for search at the Registrar's Office, Legal charges for investigating the titles, preparing the Mortgage Deed and other documents and, in the due course, reconveyance, etc.

11. Prospectus and Application :—For further particulars, kindly contact the Mortgage Officer, at the Divisional Office, 'Jeevan Prakash', Sri Narasimharaja Road, Bangalore-2, with the following questionnaire completed in all respects.

LIFE INSURANCE CORPORATION OF INDIA

Bangalore Divisional Office

"OWN YOUR HOME" SCHEME

Preliminary Questionnaire to be completed by the Applicant

Name and full address :
(In Block letters)

Occupation :
(Full details please)

If employed, address of the Employer .

Date of birth :

Date of superannuation :

Sources of Income :

Total Annual Income :

Whether assessed for Income Tax :

Please give details :

(1) as to the persons depending upon you wholly or partially;
(2) if any of your children are earning and living with you.

Amount of loan required :

Period for which loan is required :

Purpose of the loan :

Particulars of policies held :

Policy No. ...				
Sum Assured ...				
Plan of Assurance ...				
Maturity Dates ...				
Whether in full force ...				

Particulars of site—property :

Location of site or property :

Value—purchase price :

Total estimated cost if construction or extension is proposed :

Year of construction if property is being purchased.

Place :

Date :

Signature of the Applicant.